BUDGET RESOLUTION/FY 1997 White House Spending Proposal

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 1998-2002 . . . S.Con. Res. 27. Lautenberg motion to table the Gramm amendment No. 318.

ACTION: MOTION TO TABLE AGREED TO, 68-31

SYNOPSIS: As reported, S. Con Res. 27, the Concurrent Budget Resolution for fiscal year 1998, will balance the Federal budget in fiscal year (FY) 2002 by slowing the overall rate of growth in spending over the next 5 years to below the rate of growth in revenue collections (the Congressional Budget Office recently revised upwards its 5-year revenue estimate by \$225 billion).

The Gramm amendment would lower spending levels to the levels proposed for FYs 1998-2002 by President Clinton in his fiscal year 1997 budget request. The 5-year savings would be \$76 billion, which would be returned to the American people in the form of tax cuts.

Debate on a first-degree amendment to a budget resolution is limited to 2 hours. Debate was further limited on the Gramm amendment by unanimous consent. After debate, Senator Lautenberg moved to table the amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

Those favoring the motion to table contended:

We fully understand the arguments our colleagues have made in favor of the Gramm amendment, and we agree with most of those arguments. Human progress has come from human liberty, not governments, and to the extent that governments tax and regulate individuals, and otherwise control the economy, human liberty is generally lessened. Some government is needed; for instance, people need to be protected from aggression. People do not have a license to behave as they wish without regard to the consequences to others or even themselves. Liberty involves responsibilities; it is the right to act within moral bounds. Our colleagues are absolutely

(See other side) **YEAS (68)** NAYS (31) NOT VOTING (1) Democrats Republicans Democrats Republicans Republicans **Democrats** (23 or 43%) (45 or 100%) (31 or 57%) (0 or 0%)**(1)** (0)Bennett Akaka Johnson Abraham Hutchinson Kempthorne-Baucus Kennedy Allard Hutchison Chafee Biden Ashcroft Inhofe Kerrev Cochran Bingaman Brownback Kvl Kerry Collins Boxer Kohl Burns Mack D'Amato Breaux Landrieu Campbell McCain McConnell DeWine Bryan Lautenberg Coats Domenici Bumpers Leahy Coverdell Nickles Craig Byrd Levin Frist Roth Cleland Lieberman Gorton Enzi Santorum Faircloth Grassley Conrad Mikulski Sessions Daschle Moseley-Braun Hagel Gramm Shelby Moynihan Smith, Bob Jeffords Dodd Grams Lott Dorgan Murray Gregg Thomas Reed Hatch Thurmond Lugar Durbin Murkowski Feingold Reid Helms EXPLANATION OF ABSENCE: Roberts Feinstein Robb Smith, Gordon Ford Rockefeller 1—Official Business Snowe Glenn Sarbanes 2—Necessarily Absent Graham Torricelli Specter 3—Illness Stevens Harkin Wellstone 4—Other Thompson Hollings Wyden Warner Inouye SYMBOLS: AY—Announced Yea AN-Announced Nay PY-Paired Yea PN-Paired Nay

VOTE NO. 77 MAY 21, 1997

right that our government is too large and too controlling. People need to be allowed to keep more of their money to spend as they see fit instead of as the Federal Government sees fit.

However, we have a Democrat in the White House who wants to spend more money, and there are not enough Republicans in Congress to override his vetoes. We made a deal with congressional Democrats and the White House that we would balance the budget using conservative Congressional Budget Office (CBO) economic assumptions and that we would get tax relief for American families, and that in return we would allow the Democrats to spend more money on social welfare programs. Our colleagues correctly point out that the main reason the budget balances compared to last year's budget is that the economic assumptions were recently changed by CBO. The CBO, in its numbers, has said that overall revenues are going to be \$225 billion higher through 2002 than it originally expected. Our colleagues suspect that \$225 billion is funny money, but the CBO's numbers are based on the economy's current stronger-than-expected performance, and they are still much lower than every other forecasting group's numbers. What do our colleagues think the Democrats reaction was to this news? They of course wanted to spend the money. We think we did pretty well in limiting them to just \$76 billion more through FY 2002 than President Clinton asked for last year. All of the rest will be used for tax relief and deficit reduction. Sometimes it may seem that the art of compromise is even too obscene for the National Endowment for the Arts to fund, but in this case we think that the American people have been well served. The Gramm amendment would break the budget deal by eliminating the new social spending that was the main demand of the Democrats; to preserve the budget deal, we urge the rejection of this amendment.

Those opposing the motion to table contended:

Overall, we are absolutely dismayed at the so-called "compromise" agreement that has been reached between the White House and Congress on the budget. The agreement promises greater spending, lower taxes and a balanced budget. It sounds too good to be true because it is. The whole mess is an elaborate scam on the American people. For the first part of this year President Clinton and congressional Republicans had countless meetings to try and find common ground on the budget. Republicans were determined to achieve the \$339 billion in necessary deficit reduction to balance the budget by 2002 and at the same time to provide tax relief to American families. Democrats agreed in principle to balancing the budget, they wanted less tax relief, and they wanted greater spending. Those negotiations stalled. Suddenly, the negotiators were given a way out by the CBO. Three weeks ago, the CBO made the glorious announcement that it had revised its estimates on how much the Federal Government would collect in taxes between now and 2002. Specifically, it told the negotiators that the Government would have \$225 billion more to spend over those years. That \$225 billion gave negotiators 55 percent of the deficit reduction they needed to balance the budget. The next \$77 billion they got from assuming that the economy would get stronger from the deficit reduction, bringing in more revenues and lowering benefit payments. Seeing how well they were doing by making assumptions, the negotiators then decided to assume they would save another \$28 billion because of an assumed change in the way inflation would be measured. By this point the negotiators were doing really well--without changing a dime in taxes or spending, they had used the CBO and their own estimates to assume their way out of 97 percent of the deficit. They only had to come up with \$9 billion more in savings. What did they do? They said they would have a spectrum auction and raise \$26 billion. The last time Congress tried that approach, it claimed that it would raise \$2.9 billion and it only got \$13.6 million. Presto--the budget was "balanced." The negotiators then agreed to increase spending, provide a net tax cut, and achieve other savings. Some of those savings, such as in Medicare, are extremely suspect. Instead of reforming that deeply flawed program, they moved the fastest growing, most troubled part of it into general revenues so that unlimited deficit spending on it can grow without depleting the fund, and for the rest of the program new price controls were put in place. Price controls have not worked before and never will work; in short, the \$115 billion in Medicare savings are fake. Further, we believe that the CBO's projections of continued economic growth, when we are at the point in the business cycle at which the economy has historically gone into a temporary decline, are wrong--we are not going to get \$225 billion in savings, or any of the other assumed savings in interest rates or growth. Making matters even worse, we point out that most of the costs of this resolution occur in the first years, and most of the supposed savings are going to come in years 4 and 5. We hope we are wrong, but we believe we are about to approve a plan that instead of moving us close to balance, will move us much more deeply into debt.

Based on this belief, we have proposed the Gramm amendment. This amendment would strike all of the new funding proposed in the resolution. It would give President Clinton and congressional Democrats every penny that they said last year that they wanted to spend for FYs 1998-2002, but it would not let them spend a penny more. Just by sticking to the Democrat's wish list of last year, instead of agreeing to their new, greedy list for this year, we will be able to save the American taxpayers \$76 billion. Our colleagues have all types of wonderful programs that they say that they should be allowed to spend that money on--we say that the American people should be allowed to keep that money, which is theirs, and spend it on what they want. Congress is excusing its increase in the size of the Government by making tenuous economic assumptions that the budget will balance itself. We think most of our colleagues understand that those assumptions are weak; they should therefore join us in supporting the Gramm amendment.